

# **Toward Revitalized, Resilient and Sustainable Communities Across British Columbia**

**A Discussion Paper  
on the Development of a  
Policy and Legislative Framework for  
Regional and Community Development**

**June 2000**

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**Ministry of Community Development,  
Cooperatives and Volunteers**

## Contents

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|  |           |
|--|-----------|
| <b>Message from the Minister .....</b>   | <b>1</b>  |
| <b>Introduction .....</b>  | <b>2</b>  |
| Government Commitment to Communities   |           |
| This Paper   |           |
| Your Feedback  |           |
| <b>Background .....</b>  | <b>4</b>  |
| British Columbia Communities in the 1990s  |           |
| What Communities Have Told Us They Need  |           |
| <b>Policy and Legislative Framework for<br/>Regional and Community Development .....</b> | <b>9</b>  |
| Overview   |           |
| Objectives   |           |
| <b>Element 1: Regional and Community Development Legislation .....</b>                   | <b>14</b> |
| <b>Element 2: Community Adjustment and Development Agreements .....</b>                  | <b>16</b> |
| <b>Element 3: Community Development Corporations .....</b>                               | <b>23</b> |
| <b>Element 4: Community Investment Instruments .....</b>                                 | <b>27</b> |
| <b>Conclusion .....</b>  | <b>34</b> |
| Next Steps   |           |
| Reminder   |           |



## Message from the Minister

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British Columbia has six fundamental strengths: a skilled workforce, a strategic location, modern infrastructure, a strong natural and cultural heritage, high quality of life and a rich resource base that continues to be a vital part of both our economy and our unique identity.

And that's a terrific foundation, no doubt – but the 1990s have shown us that, even with all our strengths, we can face significant economic challenges. Our rural, coastal and resource-based communities in particular, along with our inner-city neighbourhoods, are increasingly feeling the need to restructure, rebuild and refocus.

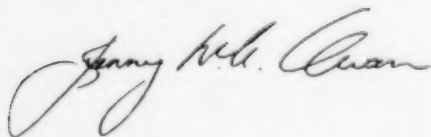
Communities across the province – rural and urban, coastal and interior – have told us that they want and need a new kind of government support that will enable them, at the local level, to make changes and improvements to their social and economic structures. No more “top down” management from on high, but rather an impetus for community change that comes from local, grassroots-level ideas and projects.

This discussion paper suggests a policy and legislative framework that would provide new methods for the Government of British Columbia to partner with communities to enhance local social and economic development, in a manner that respects the environment and builds a stronger, more prosperous province for all of us to enjoy.

We have not made any final decisions about this new framework. Government needs specific, practical advice from British Columbians on the suggestions outlined here, and on what else we need to do to build stronger and healthier communities across the province.

We want to hear what you have to say: do you think the policies and legislation suggested in this discussion paper will help your community, your workplace, your family? Are we on the right track? And if we're not, what should we change?

Please take the time to tell us what you think.



Jenny Wai Ching Kwan  
Minister of Community Development,  
Cooperatives and Volunteers

# **Introduction**

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## **Government Commitment to Communities**

A new global economy is making some jobs redundant, while demanding new and different jobs in other areas. And the end result is that communities stand to lose – or gain – a great deal. It all depends on the individual community's ability to adapt to new circumstances and create new opportunities.

The British Columbia government is committed to helping communities gain from our changing world.

Last year, the province created the Ministry of Community Development, Cooperatives and Volunteers specifically to work with communities – as partners – in efforts that encourage British Columbians to build and maintain healthy, innovative, self-reliant communities.

## **This Paper**

This discussion paper represents the next step in the ministry's commitment to enabling BC communities to create their own opportunities and determine their own social, economic and environmental futures.

The paper suggests a policy and legislative framework – and by that we mean a supporting structure, on which we will build solid and integrated programs and services – that we believe will help communities across the province to diversify their economies, stimulate community and environmental investment, create new jobs and support social change.

The first section of the paper provides some background about the issues faced by British Columbia communities today and what British Columbians have told us they want and need from the government in the future, followed by a brief overview of the framework we are considering to help communities stabilize, diversify and grow. The next sections provide more in-depth information on each of the four main elements in the suggested framework, along with questions we would like you to consider, to tell us whether we are moving in the right direction and where we may need to change.

## **Your Feedback**

We need to know what you think of the ideas presented in this paper – if possible, by **July 31, 2000**.

To add your voice to help shape government's plans, you can contact your local Member of the Legislative Assembly, or you can:

- fill out the feedback form that accompanies this paper, or
- use the feedback form as the basis for a written submission to provide us with your own individual response.

Please mail, fax or e-mail your feedback to:

**Ministry of Community Development,  
Cooperatives and Volunteers  
221 - 560 Johnson St.  
Victoria, BC V8W 9R1**

**Fax: 250-356-5367**

**E-mail: [cdcv@gems4.gov.bc.ca](mailto:cdcv@gems4.gov.bc.ca)**

# Background

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## British Columbia Communities in the 1990s

The 1990s were a time of rapid and profound change here in British Columbia, across Canada and around the world.

Some BC communities did very well over the past decade; others did not. In general, those that did do well had the most diversified economies and the highest skilled workforce. Those that faltered did so most often owing to a number of related factors, including:

- **Dependence on resource industries**

Many communities across the province depend on one or perhaps two primary resources to provide their economic base.

For these communities, the combination of recent declines in the demand for – and prices of – resource commodities and the restructuring of the forest and fishing industries has meant a significant decline in both individual jobs and overall community prosperity.

- **Lack of local control over jobs and wealth**

Communities that depend heavily on one or two large resource-based corporations for jobs have little or no real control over those jobs or the wealth generated from primary and secondary industries.

Many of the large corporations working out of our rural towns sell their products outside of BC and must compete in the global economy. As a result, many of their decisions – decisions they must take to remain competitive – may not be in the best long-term social and economic interests of the community.

- **Lack of local control over land and other natural resources**

Local governments, businesses and non-profit organizations are currently limited in their access to – and control over – Crown land and other natural resources, such as forests and fisheries.

The result is that communities are not always able to benefit from what those resources can offer, which includes value-added manufacturing and processing, tourism and other recreational opportunities, as well as revenues.

- **Limited access to capital**

It takes money for communities to diversify and change, but not every community has equal access to capital.

Resource, rural and coastal towns, as well as inner-city neighbourhoods such as Vancouver's Downtown Eastside, generally do not have the same access to capital as other communities, most likely because private lenders and lending institutions regard them as too high risk (many have experienced repeated downturns), or because the amount of investment they need is in fact too low for profit.

In some urban and resource communities, this inability to attract investment and develop new enterprises has contributed to growing poverty and an increasing culture of dependency on government aid, and to concentrated social and economic problems that make potential investors even more wary – and so the cycle continues.

- **Need for new skills for a new economy**

In the past, there were a lot of jobs within the resource sector for workers with basic education and skills. Today, however, in our increasingly knowledge-based economy, more and more jobs require a much higher level of education and a very specific set of skills, which many British Columbians have simply not had the opportunity to acquire.

Some BC communities, too, do not yet have the capacity or ability to adjust to the realities of a new economy. They need opportunities to develop the skills and leadership required to plan and implement major changes in economic and social focus, and not only to create a new community vision but mobilize people to support it.

- “Many communities lack the skills and capacity to be ‘self-empowered.’ Generally these communities are also the most threatened by economic changes.
- The context for community development is very complex. Land claims, economic changes, environmental issues and the multitude of local, regional and government initiatives to manage change are all part of this complex and confusing picture.
- Forestry and fisheries dependent communities lack access or influence in the use of forest and/or tenures. They need access to these resources if they are to have some ability to determine their future.”  
– *Summary Report on a “Think Tank” on Community Empowerment*, January 2000



"Local communities and individual citizens feel increasingly powerless over their own economic destiny when plants close or reduce their work forces... In essence, regardless of whatever local job loss is called, be it economic *dislocation*, *deindustrialization*, *market failures*, or *capital mobility*, it is a disaster for the locality in which it occurs, whether a small town, a major city, or an inner-city neighbourhood. Therefore, it is imperative for local civic leaders to mobilize their resources in order to create alternative economic and employment opportunities."

— Edward J. Blakely, *Planning Local Economic Development: Theory and Practice*, 1989

## What Communities Have Told Us They Need

Through a series of Premier's Summits from 1997 to 1999 and a number of other consultations over the past year, we have heard from communities across the province about what they want and need most in the future. This includes:

- Greater support from – and collaboration with – the provincial and federal governments to address such community development priorities as:
  - diversifying the local economy to avoid boom and bust cycles
  - encouraging greater local control and ownership of businesses
  - developing small-scale economic development initiatives that would serve local market needs, fill special market niches, and provide local long-term jobs – particularly for unemployed workers and members of disadvantaged groups, and
  - building the overall capacity of the community to manage and direct change.
- Greater access to Crown resources, along with a greater say in their management.
- A "single window" within communities both to access the full range of government programs and services relating to community development, and to receive the up-to-date information on land use and province-wide economic factors they need for making the best decisions.

In addition, BC communities across the province have asked us to move to a more consistent and equitable system where government programs, services and working arrangements are universally accessible – available to all communities – but flexible enough to adapt to the unique needs of each community.

Many current government funding programs focus on specific industrial sectors, such as forestry, fisheries and mining, or on specific issues, such as adjustment or training, within those sectors. More help is needed for communities to diversify their economies into new sectors.

Some communities also have the advantage of community-based advisory boards already in place to work with provincial agencies on resource use and management plans. These include community resource boards in Nootka and Mount Waddington, aquatic management boards in a variety of locations, and the Central Region Board that oversees Clayoquot Sound. Other communities, however, have no established relationships with government and little opportunity to participate in resource-use decisions affecting their local economies.

Community agencies created to increase community vitality and support sustainable development – such as the Cariboo Economic Action Forum, the Columbia Basin Trust and the Nechako-Kitimaat Development Fund Society – also exist in some regions or communities but not in others. Through their partnerships with government, these regions/communities are able to determine for themselves where provincial funding is both invested and spent, giving them greater control over their own economic futures than other communities without similar arrangements.

"In virtually every region of the country, communities that rely on natural resources for much of their economic base – land, minerals, forests, fish, and even scenic resources – face the spectre of sharp decline if not collapse ... While some communities will disappear, most have a high degree of persistence and we should build on this tendency. Development processes that work from the bottom-up, which acknowledge the view that communities know what might work best for them, have the best chance of success."

— Gerald Hodge and John T. Pierce, *What to do about Resource Dependent Communities?*, written for Simon Fraser University's Community Economic Development Centre, 1995

### **Cariboo Economic Action Forum**

The Cariboo Economic Action Forum (CEAF) signed an agreement with the province last fall where CEAF will jointly manage the Community Enterprise Program in the region to deliver funding worth \$1 million to community-based organizations that develop and implement locally driven, new and innovative projects.

Examples of projects include:

- \$50,000 to the Cariboo-Chilcotin Coast Tourism Association to build cultural tourism potential in the Cariboo region
- \$7,500 to the Quesnel River Enhancement Society to find new uses for the former salmon hatchery in Likely, and
- \$30,000 to the Quesnel Hardwood Co-operative to help create jobs for displaced forest workers, youth, First Nations and people with disabilities.

BC communities have also identified the need to be able to control at least some capital in order to develop the social and community infrastructure they need to attract business investment and promote economic development. Individual businesses are also calling for broader capital programs to encourage more start-ups and greater diversification.

However, most current venture and equity capital programs target only a narrow range of enterprises (most in the Lower Mainland or the Capital Region) and do not generally include either very small ventures that require minimal capital, or start-up enterprises outside of the urban centres. Other programs – such as Forest Renewal BC's debt capital programs or the federal Community Futures program – are confined to rural and resource-based communities, and are not available to support inner-city projects.

# Policy and Legislative Framework for Regional and Community Development

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## Overview

We believe the best way to provide British Columbia communities with what they need and want is to provide a legislative and policy framework that both demonstrates the ministry's commitment to community development and local control over resources, and closes the gaps left by the current system of ad hoc working arrangements and single-focus funding.

The framework we suggest would first of all provide a legislative mandate for community development – for the first time making it clear in law that community development is essential to the social, economic and environmental sustainability of this province. Because each community is different, and each has different needs, skill-levels and resources, the framework we suggest would also put in place a series of policies that would provide communities with a range of tools they could use to work in partnership with government and shape their own futures, based on their current state of readiness.

## New Legislation = New Relationships and New Responsibilities

“Real ‘community empowerment’ will mean a substantial change in the way communities and government conduct their respective businesses and how they relate to each other ... ‘Enabling’ will have to be based on a new understanding of a ‘partnership’ relationship between the province and communities. There is a history of dependency of communities on the province and on the resource sectors. Both government and communities will have to learn new responsibilities in and approaches to community development.”  
– *Summary Report on a “Think Tank” on Community Empowerment*, January 2000

Under our suggested framework:

- resource, rural and coastal communities in crisis owing to industry closures or downturns would have the opportunity to negotiate and sign Community Adjustment Agreements, designed to help them to recover from industry downturns, stabilize their economies, and maintain their social fabric
- communities in transition (these are communities that are not in immediate crisis, but want to be proactive in preparing for economic change) would have the opportunity to enter into Community Development Agreements that would provide them with tools for long-term community development planning and implementation, and
- communities that have already built up their capacity to stimulate and manage change would be able, through an approved legal entity – such as a Community Development Corporation (CDC) – to:
  - receive and disburse provincial funding for community development
  - manage natural resource tenures, and
  - make use of new community investment incentive instruments, such as a community bond fund and a community development contribution fund.

### **What is a community?**

There are many definitions of community. Some people consider a community to be an officially established town or city; others see it on a smaller and less formal scale, as a neighbourhood or the immediate area where people work or shop, while still others see it as a larger entity altogether, created by natural geographic boundaries.

For the purposes of the suggested regional and community development framework, we define “community” as any geographic area within which the inhabitants share common economic, social and environmental interests.

A community may be, but is not necessarily, defined by a municipal or First Nations boundary, and may also encompass more than one town or city and the surrounding rural countryside.

## Objectives

The policy and legislative framework suggested in this discussion paper is intended to:

- support revitalized and resilient communities in managing and directing long-term social and economic change
- create fair, transparent, equitable and consistent mechanisms for the government to enter into partnerships with communities to address local priorities
- move decision-making power and authority closer to local people, to allow us all a greater say in the decisions that affect our day-to-day lives and overall quality of life
- make it possible for the BC government to increase local responsibility for managing natural resource tenures for local, sustainable benefits, as and when communities are ready
- complement the *Municipal Act* and the *Municipal Act Reform Initiative* by providing opportunities and tools for economic, environmental and social planning issues to be addressed at the local level
- complement and enhance current federal community development support initiatives, such as Community Futures Development Corporations, and
- strengthen the ability of a range of BC government ministries to work as a team to respond to community needs.

**"Faced with major economic transition, many communities are reworking their economic development plans and commissions, and searching for mechanisms, like community forests and fisheries licence banks, to access local natural resources for economic development purposes. With communities searching for new directions for coastal economic development, there's an opportunity to shift government from reactive, interim programming for economic adjustment to a long-term strategy for community economic development."**

**– The State of BC's Coastal Economy:  
A Regional Status Report  
– April 1999**



It is not intended to:

- offload provincial responsibilities onto local communities
- circumvent provincial environmental and other regulations and standards
- create yet another level of government bureaucracy, or
- affect in any way the course of treaty negotiations: all provisions of this proposed legislation will be made available to aboriginal communities, and any agreement or memorandum of understanding will be entered into without prejudice to treaty negotiations.

### **Community Development Models**

We looked at a number of national and international models for community development before developing the suggested framework outlined in this discussion paper. These models include:

#### **Nova Scotia's Regional Development Authorities (enabled by the *Regional Development Authorities Act*)**

Funded by all three levels of government, but governed by local government representatives only, Nova Scotia's 14 Regional Development Authorities (RDAs) provide community economic development planning and coordination throughout the province. RDA activities vary within each region, but usually include:

- preparing and implementing strategies and action plans for regional development
- encouraging and supporting participation of interested groups in planning
- encouraging the formation of initiatives to implement projects which are part of the regional strategy
- assisting groups/initiatives in accessing necessary financial, technical and professional resources
- providing managerial, technical, and other support services to organizations involved in community development
- providing training to individuals and groups involved in developing and implementing a regional strategy

*(Continued on page 13)*

*(Community Development Models continued from page 12)*

- advising the councils of participating municipalities about economic and social development matters in the region, and
- carrying out public education and communications activities to raise public awareness of community economic development planning and activities.

*For more information, see the Nova Scotia Department of Economic Development's web site: [www.novascotiabusiness.com](http://www.novascotiabusiness.com)*

**Oregon's Community Solutions Teams/Regional Partnerships (enabled by Senate Bill 1128, 70<sup>th</sup> Oregon Legislative Assembly)**

Not long ago, Oregon recognized that resource-dependent, rural communities were not enjoying the benefits of successful economic development and diversification efforts undertaken in the late 1980s and early 1990s.

In the mid-1990s, the state created Community Solutions Teams to bring together representatives from five state departments (Economic Development, Transportation, Land Use Planning, Environmental Quality, and Housing and Community Services) in an effort to coordinate state resources to meet needs defined by communities. As of 1998-1999, these teams also now collaborate with local government bodies, Tribal Governments, and private sector organizations (for-profit and non-profit) through what are called Regional Partnerships.

The Community Solutions Teams and Regional Partnerships concentrate primarily on program coordination and planning. They do not provide funding or technical support, but they do help to guide the spending of partner agencies. Regional Partnerships are also responsible for approving plans for locally allocated economic and community development funding.

*For more information, see the Oregon Economic and Community Development web site: [www.econ.state.or.us](http://www.econ.state.or.us)*

**"The primary goal of community development is to help people improve their social and economic situations. The underlying philosophy is to help people become subjects instead of objects, acting on their situation instead of simply reacting to it. Community development is concerned with public policies, governmental actions, economic activities, institution building, and other types of actions that not only affect people but can be affected by people. It primarily is concerned with people as stimulators of social action processes. It focuses on the humanistic elements involved in change and how such change contributes to social and economic well-being."**  
— James A. Christensen et al., *Community Development in Perspective*, 1989

## **Element 1: Regional and Community Development Legislation**

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### **Issue**

People in communities across British Columbia have told us that they are frustrated with having to deal with a range of different ministries – all with different operating practices and policies, mandates and legislation – to access the help they need for community development. They have also told us that they want a strong voice at the Cabinet table, where the big decisions are made that will affect their futures, and that there are many in government who do not understand or support the idea of strong and independent communities.

### **Response**

We suggest developing regional and community development legislation, which would include a specific, written legislative mandate (not always included in legislation today), along with whatever powers are necessary to support the other suggested policies and tools outlined in this discussion paper.



The legislative mandate we are considering now would demonstrate the government's commitment to community development as central to achieving community sustainability, and create an official "champion" for communities and community development within the provincial government. It would also:

- enshrine community development as a major public policy for British Columbia
- make the provincial government responsible for regularly reviewing the condition of BC communities and evaluating the impact of its programs and policies on those communities
- provide a single entry point – through the Ministry of Community Development, Cooperatives and Volunteers – for communities to find out about community development programs and policies, and for the government to establish and maintain lasting, proactive and interactive connections with communities.

#### **Questions**

- Do you think regional and community development legislation – with a legislative mandate – would directly benefit your community?
- If yes, how will it benefit your community?
- If no, why not?
- What would you change?

## Element 2: Community Adjustment and Development Agreements

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**"It's in the best interests of all British Columbians that areas outside the major metropolitan centers remain vibrant on an environmental, social and economic basis. These three legs of successful societies are synergistic and mutual."  
– Northwest BC Backgrounder, Northwest Communities Coalition, November 1999**

### Issue

A number of BC communities that are dependent on a single industry are asking what they – and government – can do to avoid a situation like that of Gold River, where the closure of the community's single major employer nearly devastated the town. They are concerned that, to date, government has responded to communities in crisis on a case-by-case or one-off basis, rather than through firmly established policies and programs.

At the same time, more and more communities – resource-dependent or not – are recognizing that the key to a secure future lies in economic diversity, and more and more are trying to manage and direct social and economic change by developing proactive and integrated approaches to social, economic and environmental issues. These communities are also worried about the absence of a formal, coordinated government mechanism specifically designed to respond to their efforts to manage the many related aspects of community change.

### Response

We suggest the development of policies (and legislation where necessary) that would provide authority to the Ministry of Community Development, Cooperatives and Volunteers to enter into different kinds of agreements with communities, based on their current need.

In the model we are considering now:

- a Community Adjustment Agreement would create a partnership between the government and a natural resource-dependent community facing a severe economic and social situation brought about by plant closure, an economic downturn within an industry, or industry restructuring, and

- a Community Development Agreement would create a partnership between the government and any community – resource, rural, coastal or urban – to respond to long-term negative conditions and promote opportunities for increased social, economic and environmental well-being.

- **Community Adjustment Agreements**

To qualify for a Community Adjustment Agreement, a community would need to provide evidence of its dependence on the industry and demonstrate that the closure, downturn or restructuring will have long-term negative effects on the community. It would also need to:

- clearly define the geographic boundaries of the community to be covered by the agreement, and
- establish a dedicated Community Adjustment organization, representing a broad range of community perspectives and interests from within those geographic boundaries (such as local government, First Nations, labour, industry, business and the voluntary sector), with equitable numbers of men and women.

### **What is community adjustment?**

“Community adjustment” means local people working together to find ways to adjust to the closure or downturn of a major industry and the ripple effect, not just on direct employment and the tax base, but on families and children, schools, hospitals, libraries and service businesses.

The primary goal of community adjustment is to keep the community as stable as possible – and to maintain basic services to remaining residents – while the community develops a plan for building new enterprises and diversifying its economy.

### **What is community development?**

“Community development” is collaborative, collective action taken by local people to enhance the long-term social, economic and environmental conditions of their community.

The primary goal of community development is to create a better overall quality of life for everyone within the community.

Once all these elements are in place, the government (through the Ministry of Community Development, Cooperatives and Volunteers) then would assemble a cross-government Response Team to coordinate government involvement and support.

The Team would work with the Community Adjustment organization on an immediate response to the crisis and the longer-range development of a comprehensive community adjustment plan. Depending on the details of the plan and the availability of funds, the Team would also provide the community with a range of resources, which could include support to:

- more closely identify its needs, priorities and objectives
- design and implement impact assessment and evaluation measures to support the community adjustment plan and ensure it reaches its goals
- negotiate with industry and business interests to establish their responsibility in mitigating the impact of community changes, and/or
- gather the involvement and support of individual citizens as well as a wide range of community groups, voluntary sector agencies and local businesses in adjusting to change and stabilizing and rebuilding the community.

### Questions

- Do you think the government should assist communities in crisis? Why/why not?
- Do you believe a Community Adjustment Agreement would be an effective tool for your community? Why/why not?
- What would you change?

### The Village of Gold River

The Village of Gold River illustrates what a Community Adjustment Agreement could look like in action.

Gold River's future looked dim when its major employer, Bowater Pulp and Paper Canada Inc., closed its doors forever in February 1999. The pulp mill was the village's primary employer, providing jobs for one-third of the local workforce, and its largest single tax payer, responsible for 82 per cent of the municipal tax base. Its closure resulted in the loss of 380 direct and 150 indirect jobs, and affected virtually everyone living in Gold River in some way or another.

Just over one year later, Gold River could have been a ghost town by now, but it's not.

As soon as Bowater announced that it was going to close the mill for good in October 1998, the BC government set up an on-site community response team to make sure that resources could be mobilized quickly, from whatever ministry or agency was responsible for them – including Forest Renewal BC and the Ministries of Forests, Municipal Affairs, Social Development and Economic Security, Children and Families, Education, Health, and Transportation and Highways.

Together, Gold River (through its Community Transition Committee) and the government response team established a plan designed to help the community meet its highest priorities: in the short term, to maintain essential services and adjust to a new population and tax base, and in the long-term to achieve sustained economic and social viability.

Under the plan, Gold River will receive transition assistance for up to six years (although this will be reconsidered if the village's situation changes significantly). This assistance includes special-purpose transition grants from the Ministries of Education, Health and Children and Families to help the community:

- adjust to a drop of 25 per cent in school enrolment
- meet increased demand for crisis counselling, family outreach support, addiction and mental health services, and
- maintain basic health services.

## • **Community Development Agreements**

To qualify for a Community Development Agreement, a community would need to:

- clearly define the geographic boundaries of the community to be covered by the agreement
- establish a dedicated Community Development organization, representing a broad range of community perspectives and interests from within those geographic boundaries (such as local government, First Nations, labour, industry, business and the voluntary sector), with equitable numbers of men and women, and
- provide a proposal describing the community's vision for the future and priority issues, and outlining a process for the community to address those issues and achieve its vision.

Once all these elements are in place, the government (through the Ministry of Community Development, Cooperatives and Volunteers) would then assemble a cross-government Response Team to coordinate government involvement and support.

The Team would work with the Community Development organization to put together an overall community development plan and, depending on the details of that plan and the availability of funds, the Team would also provide the community with a range of resources. These could include support to:

- develop a comprehensive profile of existing social, economic and environmental conditions within the community, as well as general goals and objectives to guide community development activities
- establish evaluation guidelines to ensure community development projects and programs create maximum local benefits – such as new jobs or training opportunities, for example, or increased local purchase of goods and services
- embark on new partnerships with business, industry, labour, community and voluntary groups to support and implement community development initiatives, and/or
- resolve conflicts among the various partners that may prevent unified action and problem-solving on community development priorities and initiatives.

The response team would also be responsible for working with the Community Development organization to develop and implement specific government/community action plans to address high-priority issues – such as

how to re-use an abandoned community asset, a cannery for example, for another type of business.

### **Questions**

- Do you believe a Community Development Agreement would be an effective tool for your community? Why/why not?
- What would you change?



## **The Columbia Basin Accord**

In the early 1990s, the people of the Columbia Basin region created the Columbia River Treaty Committee specifically to negotiate with the province to make sure the communities of the Columbia Basin received their fair share of downstream benefits from the construction of three dams on the Columbia River.

The result of that negotiation was the Columbia Basin Accord. In essence a Community Development Agreement, the Accord established the Basin communities' priorities and goals for the future, outlined the basis for a working partnership between the province and the communities, and laid the groundwork for the creation of the Columbia Basin Trust.

Today, the Columbia Basin Trust invests revenue from downstream benefits – and spends income earned from its investments – to generate broad social, economic and environmental benefits for the people of the region.

The Trust's initiatives to date include creating land trusts to ensure residents have a land base to meet community needs; establishing a bursary program for education and training to help residents match community job requirements; and developing education incentives for youth from lower-income families, as well as supporting self-esteem and pre-employment programs.

The most recent Basin Trust project, announced May 3, 2000, sees \$287,000 going to Arrow & Slocan Lakes Community Services to deliver community-based early childhood support programs that will help families raise healthy children. In other projects, the Trust has partnered with:

- the Columbia Basin Fish and Wildlife Compensation Program to fund a study of ground squirrel populations intended to try to ensure the long-term health of the badger, a species threatened with regional extinction in BC
- the Royal BC Museum in Victoria to fund projects that spotlight the Basin's human and natural history, and
- the provincial government to support the Kootenay Product Development Fund in offering a unique "funding bridge" between the proof of concept stage for new product development and commercial release of a new product.

*For more information, see the Columbia Basin Trust's web site: [www.cbt.org](http://www.cbt.org)*

## **Element 3:**

# **Community Development Corporations**

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### **Issue**

In addition to seeking partnerships with government to address community development priorities, communities are also asking for greater local control over resources – both financial and natural – to generate their own solutions to local economic development and social issues.

Models for increasing local control already exist in some parts of the province. In general, however, this change has occurred only in response to a specific issue or crisis – within the Columbia Basin and the Nechako region, for example, to redress the negative effects of major capital projects – or through the treaty negotiation process (the Nisga'a Treaty is an example).

There is as yet no consistent process for ensuring all communities equal opportunity for control and decision-making power over financial and natural resources.

### **Response**

We suggest the development of policies (and legislation where necessary) that would enable and support Community Development Corporations (CDCs).

In the model we are considering now, CDCs would have the authority to:

- receive and disburse government funds to develop new community-based businesses, support jobs for individuals from marginalized groups, and encourage capital investment in small businesses
- manage natural resource tenures assigned by the Crown, including community forest and community shellfish licences, to achieve sustainable benefits for the whole community, and
- take advantage of various incentives for investment – such as a community bond fund and a community development contribution fund (see next section for more) – to direct debt and equity capital to community enterprises.



To qualify, a CDC would need to:

- clearly define the geographic boundaries of the community to be served by the CDC
- establish an elected board of directors representing a broad range of community perspectives and interests from within those geographic boundaries (such as local government, First Nations, labour, industry, business and the voluntary sector), with equitable representation of both men and women
- put in place provisions for accountability, such as an annual report and annual audit of accounts, both to the local community and to the province, and
- develop a business plan describing:
  - the current social, economic and environmental issues within the community and how the partners will work together to address those issues, and
  - what specific authority the community would like the CDC to assume, and the potential benefits for the community of the CDC's work.

## Questions

- Do you believe a Community Development Corporation would be an effective tool for your community? Why/why not?
- What would you change?

## **Quint Development Corporation**

The Quint Development Corporation – located in the inner-city of Saskatoon – was the first of three Neighbourhood Development Organizations (NDOs) established by the Government of Saskatchewan to address the problem of urban poverty.

Similar to the CDCs described in this discussion paper, NDOs focus specifically on community-building activities rather than services to individuals. They aim to strengthen the economic capacity and health of low-income neighbourhoods, and to improve the lives of local residents by carrying out comprehensive strategies to revitalize neighbourhoods, strengthen networks and create social capital. Low-income residents and other local interests play the key role in setting each NDO's priorities and directions.

For the Quint Development Corporation, local residents and interests have determined that Quint exists to:

- create job opportunities through investing in new business and to support viable existing businesses
- facilitate and provide loans to small business from funds derived from federal or provincial government loan programs
- build community participation and to facilitate socio-economic and cultural understanding
- improve the quality and availability of housing for community residents
- provide training opportunities that will lead to sustainable employment
- develop an effective board with the capacity to make informed decisions on all aspects of Quint's operations and development, and
- become a self-sustaining community development corporation.

*For more information and referral to Quint Development Corporation, see the Government of Saskatchewan's web site: [www.gov.sk.ca/econdev/starting/veda.shtml](http://www.gov.sk.ca/econdev/starting/veda.shtml)*

### **Nechako-Kitamaat Development Fund Society**

In 1997, Alcan and the BC government each contributed \$7.5 million to create the Northern Development Fund – a fund expressly dedicated to helping communities affected by the Kitimat-Kernano Project and the creation of the Nechako Reservoir, and to promoting sustainable development in northwestern BC.

In early 1998, the community-based Northern Development Fund Advisory Board determined that the North needs its own, “made-in-the-North” solutions to northern challenges, and recommended to government that local people – and local people only – should control how the fund is managed and distributed. The BC government agreed.

In April 1999, the Nechako-Kitamaat Development Fund Society (essentially a type of Community Development Corporation) was created specifically to administer the fund for the benefit of the people of the Nechako region and Kitamaat Village area.

Drawing on a \$5 million Working Fund (with \$10 million left in a Legacy Fund for long-term investment), the Society today administers a Business Loan program in partnership with local lending institutions (goal for 2000-2001: to deliver up to \$1 million in loans for approved business projects), and two separate grant programs. Community Grants go to projects that improve basic facilities, equipment, services or installations needed for growth, jobs, community stability and quality of life. Economic Development Capacity Grants go to projects that strengthen community and regional capacity to generate economic development. Projects to date include:

- \$1,000 to help the Vanderhoof District Chamber of Commerce organize a community workshop on proposal-writing skills
- \$15,000 to support Touch Wood 2000, a forum exploring ways to aid and expand the value-added industry
- \$9,000 to construct a well at Wistaria Hall to benefit local residents, and
- \$9,000 for a regional tourism conference and trade show in Vanderhoof.

*For more information, see the Nechako-Kitamaat Development Fund's web site: [www.ndf.gov.bc.ca](http://www.ndf.gov.bc.ca)*

## **Element 4:**

### **Community Investment Instruments**

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#### **Issue**

Communities need equal access to – and control over – a certain amount of capital if they are to foster new business investment, successfully diversify their economies and support social change for the better.

They also need methods, in addition to debt capital programs already in place, to encourage new local economic development, social and environmental projects.

#### **Response**

We suggest the development of policies (and legislation where necessary) that would add several new investment instruments for communities to use to direct debt and equity capital to community enterprises. (Note: To stay within current financial limitations, existing programs may be redesigned or replaced in order to accommodate new investment instruments.)

The investment instruments we are currently considering – and that have worked successfully in other locations throughout Canada and the United States – include:

- community bond funds, where any BC community – with or without a Community Development Corporation – would be able to raise money to invest in local community development initiatives, and
- community development contribution funds, where individuals and businesses will be able to donate money and/or real property to specific community development projects in rural, resource and coastal towns, as well as inner-city neighbourhoods such as Vancouver's Downtown Eastside, and receive a provincial tax credit in return.

### **Vancouver Island Green Enterprise Loan Fund**

The recently established Vancouver Island Green Enterprise Loan Fund is a new community investment instrument for British Columbia, based on a model that has been operating successfully in the United States for a number of years.

Administered by the non-profit Ecotrust Canada (with \$1.1 million in funding from the province as part of the government's Green Economy Initiative and an additional \$3 million from other sources), the loan fund will assist 50 small northern Vancouver Island businesses to launch or expand conservation-based green enterprises over the next four years.

By concentrating on business ventures that would not have been able to access conventional financing (too high risk, no financial track record or insufficient assets), the loan fund will provide much-needed access to capital for entrepreneurs. By creating an expected 200 long-term jobs within those 50 small businesses, the loan fund also offers northern Vancouver Island communities a unique opportunity to diversify their economies and reduce their dependence on traditional resource-based industries.

*For more information on the loan fund and the Green Economy Initiative, see the provincial government's web site:  
[www.gov.bc.ca/ges](http://www.gov.bc.ca/ges)*

### **• Community Bond Funds**

Under the model we are looking at now, a community interested in setting up a community bond fund would first need to set up a corporation for the sole purpose of raising money (if the community has a CDC, this corporation could be a CDC subsidiary).

This corporation would then have the authority to issue community bonds, either to:

- raise funds to invest in a specific project, such as expanding or re-directing an existing business, or
- create a pool of funds that could be loaned to new or expanding businesses.

We envision, in the case of the first type of bond – to support a specific business opportunity – that the principle would be guaranteed by the province (minimal risk to the investor). The second type, creating a loan pool, would not be guaranteed. However, investors would receive a provincial tax credit for part of the value of the bond, which means more cash in investors' pockets right away.

### Questions

- Do you see a need, within your community, for the kind of capital that could be raised through community bonds?
- To succeed, a community bond fund will require a major investment of volunteer time, both to sell the bonds and to administer the bond issue. Does your community have the necessary business expertise, volunteer leadership and volunteer numbers to be able to mobilize such an effort?
- Do you feel the people in your community would respond to the opportunity to buy bonds? Which type of bond do you think more would prefer – specific project or loan pool?
- What do you like about this model?
- What would you change?

### **Manitoba's Grow Bonds Program**

Established in 1991, Manitoba's Grow Bonds Program helps rural entrepreneurs attract local investment capital to their businesses – while at the same time protecting local investors through a Provincial Guarantee for every dollar invested.

To be eligible for the bond program, businesses must be viable, with a reasonable equity base, and must be primarily involved in:

- manufacturing
- processing
- operating a tourist attraction
- exporting goods manufactured or processed in Manitoba to a place outside of Manitoba for the purpose of resale
- providing goods or services for the purpose of protecting the environment, or
- operating commercial facilities for the distribution of water and natural gas.

Money invested in approved businesses is limited to 40 per cent of the total capital of the eligible business, and the authorized maximum investment is \$2.0 million. Bonds cannot be used for buyouts, refinancing, paying dividends to previous shareholders, retiring other share capital or purchasing an existing business (change of ownership).

Since the start of the bond program, the province has approved 24 bond issues worth a total of \$12,360,000, representing a total investment of over \$28.5 million in Manitoba's rural economy. Businesses that have received bond financing – and are still in operation – currently employ a total of 707 people.

*For more information, see the Government of Manitoba's web site: [www.gov.mb.ca/rd](http://www.gov.mb.ca/rd)*



- **Community Development Contribution Funds**

Under the model we are considering now:

- A Community Development Foundation – community-governed and arm's-length from government – would have the authority to approve projects where contributors would qualify for a provincial tax credit based on the value of the money or real property they donate to eligible community development projects.

To be eligible, projects would need to offer concrete benefits to the community, such as:

- creating more affordable housing options
- supporting job creation and/or economic diversification
- increasing the ability of British Columbians to participate in the labour market, or
- strengthening cultural, heritage and environmental resources and facilities

and would have to be self-sustaining (capable of generating revenue to cover operating expenses).

The Foundation would be responsible for ensuring that the benefits of this use of BC tax dollars are shared across the province.

- Any non-profit organization (including a Community Development Corporation) with a good idea for a community development project – such as new business incubation space or a child care facility, the restoration of a heritage site or the development of community recycling depot – would be able to apply to the Foundation to establish a Community Development Contribution Fund.
- If the Foundation approves the project, the non-profit organization would then be able to approach residents and businesses to see if they are interested in donating cash or real property (such as real estate, cars or boats) to support the project, in return for a provincial tax credit.
- The donations would be made directly to the Foundation, not the non-profit. The Foundation would then either:
  - issue the non-profit a cheque for the amount of the cash donations, less a percentage, or
  - sell the donated property to the non-profit for a percentage of its total value.
- The Foundation would use the fees it retains – 20 per cent of cash, for example, and 15 per cent of the value of real property – to cover its



operating expenses and support a program of community development grants to BC communities.

This grant program would work to make sure all communities receive equitable benefits from the provision of the provincial tax credits. The grants would be used to build the capacity of communities and community organizations to undertake community development, and could include support for management training and strategic, business and financial planning, as well as technical assistance in such areas as organizational development, accounting and market research.

### Questions

- Do you think this model for a community development contribution fund holds promise for your community?
- What do you like about it?
- What would you change?

## **New Hampshire's Community Development Finance Authority**

The state of New Hampshire created the Community Development Finance Authority (CDFA) in 1983 to address the issues of affordable housing and economic opportunity for low- and moderate-income New Hampshire residents. The CDFA has the authority to grant state tax credits based on 75 per cent of the value of a donation – either cash or real property – made by a business to a CDFA-approved community development project.

In 1991, the non-profit Cheshire Housing Trust in Keene, New Hampshire, was the first group to take advantage of the tax credit program. The Trust convinced local Granite Bank to donate a foreclosed property, a three-story building on Keene's Main Street with commercial space on the first floor and 12 apartments on the second and third floors to the CDFA. The bank received a 75 per cent tax credit based on the appraised value of the property, while the CDFA in turn 'sold' the property to the Housing Trust for 15 per cent of its value, on the understanding that the Trust would keep the apartment rents affordable for low- and moderate-income Keene residents. (Because the Trust was unable to cover the 15 per cent cost completely, the Authority agreed to accept a share of the property's net operating income until the fee was paid in full.)

In other projects:

- the Capitol Center for the Arts on South Main Street in Concord, New Hampshire, convinced the CDFA that it should accept cash donations for extensive renovations to its old theatre by demonstrating that the project would spur economic activity and encourage additional private investment in South Main Street
- a car dealership received tax credits for a number of cars it donated to a program designed to help people get back to work; the program supplied cars to people for whom public transit was not an option
- Monadnock Business Ventures, a regional non-profit economic development corporation, raised donations of \$150,000 from a variety of local businesses to expand an existing incubator facility offering office, manufacturing and warehouse space to small businesses of the Monadnock Region.

*For more information, see the CDFA's web site: [www.nhcdfa.org](http://www.nhcdfa.org)*

## Conclusion

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**"Locally based economic development is not merely new rhetoric but represents a fundamental shift in the actors as well as the activities associated with economic development. It is essentially a process by which local government and/or community-based groups manage their existing resources and enter into new partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity ...."**

**– Edward J. Blakely,  
*Planning Local Economic Development: Theory and Practice*, 1989**

We know that the policy and legislative framework suggested in this discussion paper is ambitious. We know that change takes time, effort, coordination and cooperation to implement successfully. But we also know that community development and economic diversification are essential to the future of our province.

We hope you will join with us in shaping and refining this framework, and enabling more and more communities to determine their own futures.

## Next Steps

Once we have your feedback, and the feedback from a number of specially organized workshops and meetings, we will use your comments and suggestions to revisit the models we are considering now, refine our suggested policy and legislative framework, and present a final framework for Cabinet consideration.

Your feedback will also be used by the Ministry of Community Development, Cooperatives and Volunteers to develop new (and possibly modify existing) community development programs.

## **Reminder**

We really do need to know what you think of the ideas and proposals presented in this paper, by **July 31, 2000** if possible.

You can contact your local Member of the Legislative Assembly, or you can fill out the feedback form that accompanies this paper, or use the feedback form as the basis for a written submission to provide us with your own individual response.

Please mail, fax or e-mail your feedback to:

**Ministry of Community Development,  
Cooperatives and Volunteers  
221 - 560 Johnson St.  
Victoria, BC V8W 9R1**

**Fax: 250-356-5367  
E-mail: [cdcvc@gems4.gov.bc.ca](mailto:cdcvc@gems4.gov.bc.ca)**